

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 2226

IN THE MATTER OF:

Served May 28, 1981

Investigation of Proposal to)
Implement Fuel Surcharge)

Case No. MP-81-08

By letter filed April 9, 1981, McMichael School Bus Service, Inc., seeks authority to charge an 8-1/2 percent fuel adjustment cost increase over and above its currently authorized tariff rates. By letter filed April 22, 1981, Yellow Bus Lines, Inc., also seeks a "fuel adjustment clause" to its existing tariff in an unspecified amount.

In support of its request, McMichael cites recent actions by the Organization of Petroleum Exporting Countries and federal deregulation of gasoline prices as indicators of continued increases in fuel costs. McMichael states that its cost of gasoline has risen from approximately \$1 a gallon to \$1.37 a gallon from September 1980 to April 1981. On a per-trip basis, McMichael asserts that its fuel costs have risen \$7.43 or 8-1/2 percent of its basic \$87.50 four-hour charge for charter service. Other regulatory bodies including the Interstate Commerce Commission, have authorized fuel surcharges, and McMichael believes that such action would eliminate the need for costly and time-consuming prosecutions of rate increases on a case-by-case basis.

The letters filed by McMichael and Yellow Bus do not meet the criteria for applications set forth in the Commission's Rules of Practice and Procedure and Regulations and, to that extent, must be rejected as applications for increased rates. This correspondence, however, stimulates us to consider whether some rule or procedure might be appropriate to adjust the fuel-cost-related aspect of rates for certain types of transportation within our jurisdiction which may be susceptible of such adjustment.

By this order we will initiate an inquiry, and all WMATC carriers will be made parties to the proceeding. It should be noted, however, that carriers providing service pursuant to existing contracts and those carriers receiving fixed payments from governmental entities under rates approved by the Commission, may confront limitations on the

possible adoption of a fuel adjustment surcharge. In addition, while it may be possible to streamline the procedures for demonstrating a need for fuel-only rate adjustments, it is difficult, at least from this perspective, to see how it would be possible to avoid making such determination on a case-by-case basis, given the wide-ranging operating characteristics of the many and varied carriers under our jurisdiction.

Having so said, we invite proposals from carriers who see merit in such a procedure, including, but not limited to, specific data on mileage operated, fuel costs and changes in fuel expense as a percentage of operating expenses and revenues. Upon review of carrier filings and other relevant material the Commission will determine whether it is appropriate to issue a proposal for comment.

THEREFORE, IT IS ORDERED:

1. That the above-captioned proceeding is hereby instituted and all persons holding authority from this Commission are hereby made parties to this proceeding.

2. That each party hereto file six copies of a statement setting forth the party's comments and proposal, including the data described above, said statement to be filed at the offices of the Commission, Suite 316, 1625 I Street, N. W., Washington, D. C. 20006, no later than Monday, June 29, 1981.

BY DIRECTION OF THE COMMISSION, COMMISSIONERS CLEMENT, SCHIFTER AND SHANNON:


WILLIAM H. MCGILVERY
Executive Director